Registre de Commerce et des Sociétés
B59500 - L140051833
déposé le 28/03/2014

MENTION

Nom de la Société : **FIAT FINANCE AND TRADE LTD**

Siège social : 24, boulevard Royal, L-2449 Luxembourg

N° du Registre de Commerce : B - 59500

Les comptes consolidés au 31 décembre 2013 ont été déposés au Registre de Commerce et des Sociétés.

Pour mention aux fins de publication au Mémorial, Recueil des Sociétés et Associations.

Pour FIAT FINANCE AND TRADE LTD

Leonardo Cecchetti
Président du Conseil d'Administration

Document émis électroniquement

Registre de Commerce et des Sociétés
B59500 - L140051833
enregistré et déposé le 28/03/2014

Fiat Finance & Trade Ltd, S.A.

CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2013

Fiat Finance and Trade Ltd, S.A.
Registered Office: 24, Boulevard Royal
L-2449 Luxembourg
Share Capital: €251,494,000
R.C.S. Luxembourg: B 59500

CONTENTS

Fiat Finance and Trade Ltd, S.A.
Registered Office: 24, Boulevard Royal
L-2449 Luxembourg
Share Capital: €251,494,000
R.C.S. Luxembourg: B 59500

Board of Directors and Auditors

BOARD OF DIRECTORS

Chairman

Leonardo Cecchetti

Directors

Marella Moretti
Jacques Loesch

REVISEUR D'ENTREPRISES AGREE

ERNST & YOUNG LUXEMBOURG

REPORT ON OPERATIONS

Fiat Finance and Trade Ltd, S.A.
Registered Office: 24, Boulevard Royal
L-2449 Luxembourg
Share Capital: €251,494,000
R.C.S. Luxembourg: B 59500

OPERATING ENVIRONMENT

GENERAL ECONOMIC ENVIRONMENT AND PERFORMANCE OF FINANCIAL MARKETS

International economy

In 2013 the world economy continued to see moderate expansion. The growth rate is expected to stand at 3.0%. Signs of an accelerating economic cycle were registered in the second part of the year, especially thanks to the recovery in advanced economies.
Growth in the USA was positive (+1.9%) though at a slower rate than in the previous year. The strong economic performance, despite the slowdown due to the uncertainties associated with the political debate on the Budget and the ensuing temporary block of Government expenditure (so-called “shutdown”), was led by the recovery of the real estate market and consumer demand. Signs of improved activity led the Federal Reserve to start cutting its bond purchases (so-called “tapering”). In Japan, the new economic policies introduced by the Government (so-called “Abenomics”), supported by the extremely expansionary monetary policy of the Bank of Japan started showing its first encouraging results. The gross domestic product increased by 1.7%.
As far as the Eurozone is concerned, 2013 should close, yet again, with a negative growth rate (-0.4%) that seems to differ in all member states; in fact, whilst Germany (+0.5%) and France (+0.2%) show positive growth rates, the economic cycle of Southern European countries remains weak, mainly due to domestic demand being adversely affected by restrictive tax measures and the continued difficulties in accessing credit by consumers and enterprises. In order to sustain economic recovery and ease funding terms the European Central Bank cut its benchmark interest rate to 0.25%.
Although the expected growth in Poland (+1.5%) is positive it still suffers from the moderate recovery experienced by the Eurozone.
The economies of emerging countries have generally suffered from more restrictive financial conditions and budget policies as well as political uncertainties. Economic activity displayed different trends: Whilst growth in China (+7.7%) stabilised, other countries, notably India (+4.4%) and Brazil (+2.3%), suffer from delays in infrastructure development and more marked volatility of capital flows.
In advanced economies inflation continued to fall down to 1.4%. Moderate increases in consumer prices translated into higher real interest rates and led Central Banks to adopt more tolerant monetary policies. On the contrary, inflation in emerging countries remained high (6.1%), forcing monetary authorities to adopt a restrictive approach, increasing the benchmark rates and reducing liquidity in the financial system.
The outlook for 2014 is positive, especially thanks to the contribution of advanced economies. Global economic growth should be about 3.7%. The gross domestic product is expected to increase by 2.8% in the USA and by 1% in the Eurozone, whilst in Japan it should remain at 1.7%. Also in the principal emerging economies the economic cycle is expected to strengthen or, in any case, confirm current levels, with China increasing to 7.5% and Brazil 2.3%.

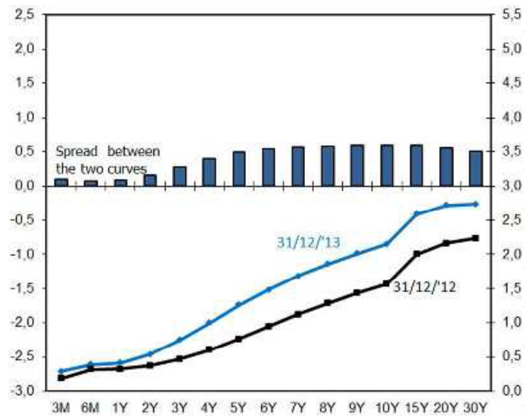
Inflation is expected to show a moderate upward trend in advanced economies (1.7%) and a slight drop in emerging economies (5.6%).

Financial Markets

In 2013 the European Central Bank continued its monetary easing policy. ECB slashed key interest rates by 25 bps twice, bringing the refinancing rate to 0.25%. The Eonia and 3-month Euribor rates remained at their all-time lows for most of the year, apart from the modest increase registered at the year end. Compared to the end of 2012 the yield curve has a greater slope, the 3-month Euribor rate quoted at year-end at 0.29% (from 0.19%) and the 10-year swap rate at 2.15% (from 1.57%). Short-term implicit forward rates resulting from the current yield curve show a stable outlook compared to the spot rates (+3 bps at the end of 2014).

Euro interest rates

Euro yield curve



Exchange rates

2013 was a positive year for the single European currency despite a weak first half. After opening at 1.32 and reaching a yearly low of 1.28 in March, the Euro reversed the trend recovering the lost ground and closing at 1.38 (+4%). Europe's currency benefitted from the drastic reduction in the sovereign risk of peripheral countries, the favourable trend of the current account balance of the Eurozone and the uncertainty as to the Federal Reserve's exit from Quantitative Easing. The Euro gained considerable ground against the Japanese Yen (+26%) as well as against the British Pound (+2%) and the Swiss Franc (+2%), though to a less extent.

EUR/USD exchange rates

CORPORATE OBJECTIVES AND STRATEGIES

The Fiat Finance and Trade Ltd, S.A. and its subsidiaries (“the Group”) act as the main treasury and financing vehicle of the Fiat Group companies outside Italy. The Group finances its activity through bond issuance under the Global Medium Term Notes (GMTN), credit lines with leading international banks and intercompany loans.

In relation to the management of financial risks (liquidity, currency and interest rate), the Group follows the guidelines established by the relevant internal policies.

For liquidity management in particular, the primary investment objective is the protection and ready convertibility to cash of capital invested, maintaining an adequate level of portfolio diversification.

In keeping with these general requirements, during the year the Group's surplus liquidity was placed in short-term deposits high yield remunerated current account and Liquidity Funds with major financial institutions. With regard to exposure to currency risk, the Group's exposure arises mainly due to the geographical diversity of the Group's activities and Fiat Group companies to which cash management and other treasury services are provided. The Group seeks to minimize this exposure mainly by the use of forward foreign exchange contracts and currency swaps.

The Group manages interest rate risk substantially through matching the interest rate periods of financial assets and liabilities, thereby minimizing the risk arising from changes in the relevant rates.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE FIAT GROUP IS EXPOSED

The Group provides cash management and treasury services to Fiat S.p.A. Group subsidiaries and is one of the main treasury affiliates of the Group operating on the international financial market. Its primary goal is to ensure that funds are available to support the operations of Fiat S.p.A. Group subsidiaries, that liquidity, cash flows and the exposure to financial risks are properly managed. As a consequence, earnings and financial position may be impacted by various macroeconomic factors – including increases or decreases in gross domestic product, the level of consumer and business confidence, changes in interest rates on consumer and business credit, the energy prices, the cost of commodities or other raw materials and the rate of unemployment – within the various countries in which it operates.
These potential developments could adversely affect the businesses and operations of the Fiat S.p.A. Group. In general, the sector in which the Fiat S.p.A. Group operates have historically been subject to highly cyclical demand and tend to reflect the overall performance of the economy, in certain cases even amplifying the effects of economic trends. Given the difficulty in predicting the magnitude and duration of economic cycles, there can be no assurances as to future trends in the demand for or supply of products sold by the Fiat S.p.A. Group in any of the markets in which it operates.

HUMAN RESOURCES

To meet its objectives, the Group employs highly-qualified personnel and during 2013 it continued its training activities, which are considered essential to the provision of qualified professional services.

At December 31, 2013, the Group had 19 employees.

CORPORATE GOVERNANCE STATEMENT

Direction and coordination activities consist in the definition and updating of Fiat Group-wide models for the system of internal control, corporate governance and organizational structure, the dissemination of a Code of Conduct, which is adopted throughout the Fiat Group, and the establishment of general policies for the management of human and financial resources. Fiat Group

coordination also includes centralized management of corporate, administrative, tax and internal audit services through specialized companies.

Consistent with the above, the Group, which retains full management and operating autonomy, adopted a Code of Conduct that sets out the principles of professional conduct adhered to by the Group and Fiat Group. The Group, together with its shareholders, has also established and maintains a model of corporate governance and intimal control through its organizational and reporting structure, a Compliance Program, which is continually revised to reflect legislative changes, and a system of internal procedures.

INTERNAL CONTROL SYSTEM

The various corporate departments, with the support of Fiat Group's internal Audit, acted to ensure compliance with best management practices and the adequacy of the organizational structure and internal procedures. The Compliance Officer and the Compliance Program Supervisory Body at Group level (the institutional roles with responsibility for control) perform their activities in close collaboration with the management, keeping them constantly apprised of the outcome of audits conducted and any need for improvement. Overall, the internal Control System operated alongside core business processes to enhance operating activities and manage the related risks, supporting management in the pursuit of its corporate objectives, in accordance with law and internal policies and procedures.

CODE OF CONDUCT

Fiat Finance and Trade Ltd, S.A. and its subsidiaries formally adopted the Fiat Group's new Code of Conduct, which reinforces the principles of sustainability, making express reference to compliance with the United Nations' Universal Declaration of Human Rights, the principal Conventions of the international Labor Organization (I.L.O.), the OECD Guidelines for Multinational Enterprises, and the United States Foreign Corrupt Practices Act (FCPA). Greater attention has been dedicated to issues relating to health and safety in the workplace and protection of the environment, with an emphasis on preventive risk assessment together with definition of the specific responsibilities of employees. The main issues addressed in the Code are set out in specific guidelines. The Code can be publicly consulted on the internet web site of Fiat S.p.A..

TRANSACTIONS WITH FIAT GROUP COMPANIES AND RELATED PARTIES

In keeping with the by-laws, the Group acts as the treasury and financing vehicle of the Fiat Group companies outside Italy.
Information on related-party transactions is contained in a separate note to the financial statements.
At December 31, 2013, the Group did not held, either directly or through third parties, its own shares or shares in its parent company, or buy and/or sell such shares during the year.

OPERATING PERFORMANCE AND FINANCIAL REVIEW

The Group provides treasury services to local Fiat Group companies, as explained in more detail in the notes to the financial statements.
These companies operate autonomously in their local market, equipped with an adequate organizational structure, and conduct their treasury activities in adherence with Fiat Group's risk management policies.
During all the year 2013 the Group has been active on the financial market in order to finance its activity or refinance position coming to maturity.
Net cash flow related to capital market transactions was positive for approximately EUR 1.9 billion. The issuance of three new bonds by Fiat Finance and Trade Ltd. S.A. for a total amount of EUR (equivalent) 2.9 billion was partially offset by the repayment of EUR 1.0 billion maturity
The Group's liquidity over the year has been mainly invested in short term bank deposits with a wide number of reputable financial institutions.

The Group closed 2013 with net profit of € 1.3 million.

SUBSEQUENT EVENTS AND OUTLOOK

There have been no events subsequent to the balance sheet date which require adjustment of or disclosure in the annual accounts or Notes.

FIAT FINANCE AND TRADE LTD, S.A.
CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2013

Fiat Finance and Trade Ltd, S.A.
Registered Office: 24, Boulevard Royal
L-2449 Luxembourg
Share Capital: €251,494,000
R.C.S. Luxembourg: B 59500

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2013

(figures in €)	Notes	2013	2012
Revenue from services	1,2	936,077	1,269,122
Personnel costs	3	(1,490,135)	(1,832,102)
Other operating costs	4	(2,866,069)	(2,627,924)
Amortisation and depreciation	5	(220,045)	(131,557)
Financial income	6	765,586,012	682,925,117
Financial expense	7	(838,588,923)	(727,821,299)
Net gain on derivatives financial instruments	8	78,977,384	49,790,943
PROFIT BEFORE TAXES		**2,334,301**	**1,572,300**
Income taxes	9	(987,542)	(742,215)
PROFIT FOR THE YEAR		**1,346,759**	**830,085**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2013

(figures in €)	Notes	2013	2012
PROFIT FOR THE YEAR		**1,346,759**	**830,085**
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Translation reserve		(8,403,060)	(2,929,557)
Cash flow hedges (net of tax)	10	554,544	(2,773,827)
Income recognized in the cash flow hedge reserve (net effect)		13,647,177	3,866,078
Transfer from cash flow hedge reserve (net effect)		(13,092,634)	(6,639,905)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		**(7,848,516)**	**(5,703,384)**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(6,501,757)**	**(4,873,299)**

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

(figures in €)	Notes	2013	2012
ASSETS			
NON-CURRENT ASSETS			
Non-current loans	11	536,866,296	116,357,889
Tangible assets	12	142,545	207,732
Intangible assets	13	476,965	325,148
Deferred tax assets		7,341,406	8,072,526
Total non-current assets		**544,827,212**	**124,963,295**
CURRENT ASSETS			
Current loans	14	9,998,303,306	8,438,217,501
Derivative financial instruments	15	204,612,474	285,822,746
Prepayments		36,986,960	20,707,624
Current tax receivable		885,014	810,917
Cash and cash equivalents	16	3,709,866,377	3,670,884,395
Total current assets		**13.950.654.131**	**12,416,443,183**
TOTAL ASSETS		**14,495,481,343**	**12,541,406,478**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		251,494,000	251,494,000
Legal reserve		13,380,000	13,319,000
Reserves		(8,625,676)	(2,667,160)
Retained earnings		22,282,843	22,887,085
Total Equity	17	**278,531,167**	**285,032,925**
NON-CURRENT LIABILITIES			
Non-current borrowings	18	9.564.737.450	8,867,391,701
Total non-current liabilities		**9.564.737.450**	**8,867,391,701**
CURRENT LIABILITIES			
Current borrowings	19	4,597,668,885	3,293,984,595
Derivative financial instruments	20	52,516,703	89,169,740
Trade and other payables		1,457,216	5,136,637
Current Tax Payable	21	569,922	690,880
Total current liabilities		**4,652,212,726**	**3,388,981,852**
TOTAL EQUITY AND LIABILITIES		**14,495,481,343**	**12,541,406,478**

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

(figures in thousand €)	2013	2012
Operating activities		
Profit before tax	**2,334,301**	**1,572,301**
Adjustments to reconcile profit before tax to net cash flows:		
Valuation gain on financial assets and financial liabilities at fair value through profit or loss	(227 ,198, 586)	(324,253,167)
Valuation loss on financial assets and financial liabilities at fair value through profit or loss	240, 757, 131	325,656,591
Finance income	(849,064,325)	(756,885,251)
Finance expense	829,531,306	750,587,067
Depreciation and amortisation of tangible and intagible assets	220,045	131,557
Working capital adjustments:		
Decrease/ (increase) in prepayments	(16,279,337)	6,971,641
Decrease/ (increase) in other receivebles	---	912,014
(Decrease)/ increase in trade and other payables	(3,679,422)	1,156,855
Income tax paid	(1, 481,707)	(1,585,522)
Net cash flow generated by/(used in) operating activities	**(24 ,860,594)**	**4,264,086**
Investing activities		
Loans granted	(1, 980,594,212)	(775,525,819)
Interest received	842,463,529	837,450,997
Purchase of equipment and other tangible/intangible assets	306,675	4 844
Net cash flow generated by/(used in) investing activities	**(1,137,824,008)**	**61,930,022**
Financing activities		
Proceeds from Bonds issued	2,865,170, 819	2,534,573,747
Repayments of Bonds issued	(1,000,000,000)	(1,454,632,040)
Proceeds from other borrowings	135,859,220	77,818,856
Repayments of other borrowings		(254,608,103)
	2,001,030,039	**903,152,460**
Interest paid	(818,174,715)	(743,824,968)
Net cash flow generated by/(used in) financing activities	1,182,855,324	159,327,492
Effect of exchange rate adjustments on cash and bank balances	18,811,260	14,659,543
Net increase in cash and cash equivalents	20,170,722	225,521,600
Cash and cash equivalents at the beginning of the year	3,670,884,395	3,430,703,252
Cash and cash equivalents at the end of the year/period	**3,709,866,377**	**3,670,884,395**

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013
(€ thousand)

	Attributable to equity holders of the parent						
	Issued capital	Legal reserve	Foreign currency translation reserve	Cash flow hedge reserve	Other reserves	Retained earnings	Total equity
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
As at 1 January 2012	251,494	13,226	10,114	(7,393)	253	22,212	289,906
Allocation or prior year result	---	93	---	---	62	(155)	---
Profit for the period	---	---	---	---	---	830	830
Other comprehensive income	---	---	(2,930)	(2,774)	---	---	(5,704)
Total comprehensive income	---	---	(2,930)	(2,774)	---	830	(4,874)
At 31 December 2012	**251,494**	**13,319**	**7,184**	**(10,167)**	**315**	**22,887**	**285,032**
Allocation or prior year result	---	61	---	---	1,890	(1,951)	---
Profit for the year	---	---	---	---	---	1,347	1,347
Other comprehensive income	---	---	(8,403)	555	---	---	(7,848)
Total comprehensive income	---	---	(8,403)	555	---	1,347	(6,501)
At 31 December 2013	**251,494**	**13,380**	**(1,219)**	**(9,612)**	**2,205**	**22,283**	**278,531**

The accompanying notes form an integral part of the financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CORPORATE INFORMATION

Fiat Finance and Trade Ltd ("FFT"), S.A. was incorporated in 1997 under the laws of Luxembourg for an unlimited number of years. FFT shares are held for 60.003% by Fiat Finance S.p.A.,and for 39.997% by Fiat S.p.A, which is also ultimate parent company of the Group (Fiat Group). On December 15, 2011 the Company acquired two subsidiaries Fiat Finance North America Inc. and Fiat Finance Canada Ltd. and became a parent company ("the Group").

The Group acts as the main treasury and financing vehicle of the FIAT S.p.A. Group companies outside Italy.

The Group's parent company, Fiat Finance and Trade Ltd, S.A. has its registered office at 24, Boulevard Royal, Luxembourg. The Company has two branches in the UK (London) and Spain (Madrid) and it operates as well through its branches in the UK (London) and Spain (Madrid).

The consolidated financial statements have been authorized by the Board of Directors on February 26, 2014 and ratified by the Shareholders meeting on the same date.

SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and with their interpretation by the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretation Committee (IFRIC). All valid standards and interpretations required in the EU have been applied. The management report and corporate governance statement are prepared pursuant to Luxembourg legal and regulatory requirements added to these financial statements.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, of which have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in the fair values attributable to the risk that are being hedged in effective hedge relationship.

The Group's accounting years starts on January 1 and ends on December 31.

The Consolidated Financial Statements are presented in Euros. Figures in the notes are presented in thousands of Euros.

In these financial statements certain reclassifications have been made to the numbers as of 31 December 2012 compared to what was reported in the financial statements as of 31 December 2012, to make the numbers comparable with the numbers as of 31 December 2013.

Basis of consolidation

On December 15, 2011 in order to concentrate in one single entity the participations of the treasury companies operating in North America, the Company bought from Fiat Finance S.p.A. and Fiat S.p.A. their participations in Fiat Finance North America Inc. and from Fiat Finance S.p.A. the participation in Fiat Finance Canada Ltd and hence became a parent Company of this two companies (Fiat Finance and Trade Group).
All intra-group transactions and balances are fully eliminated. Subsidiaries are fully consolidated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.
Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further details on taxes are disclosed in Note 9

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.
Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

See Note 23 for further details

Foreign currency translation

Group companies

The Group's consolidated financial statements are presented in EUR which is parent's company functional currency. Fiat Finance North America functional currency is USD, and CAD for Fiat Finance Canada. On consolidation the assets and liabilities of these two foreign subsidiaries are translated into EUR at the rate of exchange prevailing at the reporting date and their income statements are translated at average rate during the year. The exchange differences arising on translation for consolidation are recognized in other comprehensive income.

Transactions and balances

Transactions in foreign currencies are recorded at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated at the exchange rate prevailing on that date.

Currency translation differences arising on the settlement of monetary items or on translation of such items at rates which differ from those used for initial recognition during the year or in a previous period are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement financial assets are classified in four categories:
- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

Loans and receivables
This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. Should the losses arise from impairment, they would be recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an

associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained

Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impairment of financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group

that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and cross currency swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under IAS 39 are recognised in the statement of profit or loss as cost of sales.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The change in the fair value of a hedging derivative is recognised in the statement of profit or loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as finance costs. For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expenses.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Other current assets and liabilities
Other current assets and other liabilities consist of accrued or deferred income or expense.

Tangible assets
Tangible assets include furniture, office machines and equipment.
They are initially recognized at purchase cost, inclusive of any expenses directly related to their purchase or installation, and are not subsequently revalued but are carried net of any accumulated depreciation and impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Tangible assets are depreciated on a straight-line basis over their estimated useful lives at the following rates:

Annual depreciation rate	
Fixtures and furnishings	33,3%
Other Tangible fixed assets	33,3%
Electronic equipment	33,3%

The useful life of depreciable assets is tested annually. If initial estimates are adjusted, the relevant depreciation rate is also changed.
Tangible assets are derecognized when the assets are sold or if future economic benefits from their use are no longer expected.

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance that are held for use for periods of more than one year. These include software developed in-house or acquired from third parties.
Software development expenses are recognized as intangible assets subject to verification that completion of the related projects is technically feasible and that they can generate future economic benefits.

Upon completion and placement in service, applications are amortized on a straight-line basis over their useful life, which is estimated at five years. If the recoverable value of these assets is less than their carrying amount, the difference is recognized in profit or loss.
Intangible assets are derecognized when they are sold or if future economic benefits from their use are no longer expected.

Financial income and expense

Financial income and expense are recognized in profit and loss according to the matching principle. Specifically, interest is recognized on a time-proportion basis which takes into account the effective yield.

Income taxes

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary

differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Standards adopted by the EU but not yet effective

Standards issued and adopted by the EU but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing includes relevant standards and interpretations not yet effective which are expected to have significant impact on the Group's financial position, performance and disclosure, as the Group intends to adopt those standards when they become effective or adopted by EU.

IFRS 9 Financial Instruments
IFRS 9, as issued in 2010, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013. In November 2013, Chapter 6 of IFRS 9 on hedge accounting was published. At the same time, Chapter 7 containing the effective date and transition provisions was amended to remove the mandatory effective date of IFRS 9. This was intended to provide sufficient time for preparers to make the transition to the new requirements. Entities may still choose to apply IFRS 9 immediately, but are not required to do so. In subsequent phases, the IASB is addressing impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of

financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

IFRIC Interpretation 21 Levies (IFRIC 21)
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have material financial impact in future financial statements.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2014. Based on the analysis performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group.

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, joint arrangements that meet the definition of a Joint Venture must be accounted for using the equity method. Otherwise joint arrangements are accounted for by recognizing the group's share of the arrangements assets and liabilities. IFRS 11 becomes effective for annual periods beginning on or after 1 January 2014.

IFRS 12 Disclosure of Involvement with Other Entities
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required including:

- A requirement to disclose judgements made in determining if the Group controls, has joint control or significant influence over an entity.
- A requirement to disclose judgements made in determining the type of joint arrangement in which the Group has an interest.
- The Group will disclose its judgement in respect of the entity , if any, currently excluded from the consolidated financial statements that will be included due to the existence of potential voting rights held within the Group.

This standard becomes effective for annual periods beginning on or after 1 January 2014.

Based on the preliminary analysis performed, IFRS 12 will require a number of new disclosures but is not expected to have any impact on the Group's financial position or performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Segment information

For management purpose, the Group is organized into business units based on its geographical position. The two geographical markets are: Europe and America. The parent company activities are based in Europe (except Italy), and its subsidiaries operate in American market.

The following tables show the distribution of total operating income allocated based on the market's activities.

(€ thousand)			**2013**
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	**EUROPE**	**AMERICA**	**Total**
Revenue from services	281	655	936
Personnel costs	(876)	(614)	(1,490)
Other operating costs	(1.901)	(965)	(2.866)
Net adjustments to tangible and intangible assets	(197)	(23)	(220)
Financial income	729,921	35,665	765,586
Financial expense	(714,551)	(135,395)	(849,946)
Net gain on derivatives financial instruments	(10,104)	100,438	90,334
PROFIT BEFORE TAXES	**2.573**	**(239)**	**2.334**

(€ thousand)			**2013**
NON CURRENT ASSETS	**EUROPE**	**AMERICA**	**Total**
Non-current loans	245,372	291,494	536,866
Tangible assets	89	54	143
Intangible assets	475	2	477
Deferred tax assets	3,664	3,677	7,341
TOTAL NON CURRENT ASSETS	**249,600**	**295,227**	**544,827**

(€ thousand)			**2012**
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	**EUROPE**	**AMERICA**	**Total**
Revenue from services	589	680	1,269
Personnel costs	(1,105)	(727)	(1,832)
Other operating costs	(1,709)	(919)	(2,628)
Net adjustments to tangible and intangible assets	(108)	(23)	(131)
Financial income	675,316	7,609	682,925
Financial expense	(638,170)	(89,652)	(727,822)
Net gain on derivatives financial instruments	(18,977)	68,768	49,791
PROFIT BEFORE TAXES	**15,836**	**(14,264)**	**1,572**

(€ thousand)			**2012**
NON CURRENT ASSETS	**EUROPE**	**AMERICA**	**Total**
Non-current loans	-	116,358	116,358
Tangible assets	162	46	208
Intangible assets	322	3	325
Deferred tax assets	2,912	5,160	8,072
TOTAL NON CURRENT ASSETS	**3,396**	**121,567**	**124,963**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Revenue from services

(€ thousand)	2013	2012
Revenues from services rendered to Group companies	936	1,269
Total revenues	**936**	**1,269**

Revenues from services relate to financial consultancy services to Fiat Group companies.

3. Personnel expenses

(€ thousand)	2013	2012
Salary	(1,181)	(1,461)
Social Security Contributions	(226)	(240)
Other employee benefits	(83)	(131)
Total	**(1,490)**	**(1,832)**

4. Other operating costs

(€ thousand)	2013	2012
Information expenses	(654)	(504)
Building-related costs	(424)	(606)
Professional services and consultancy	(473)	(586)
Fees paid to independent auditors	(105)	(148)
Other personnel costs	(133)	(223)
Other management costs	(152)	(160)
Indirect Taxes & Oth taxes	(925)	(401)
Total	(2,866)	(2,628)

5. Depreciation and amortization on tangible and intangible assets

(€ thousand)	2013	2012
Depreciation on Tangible Assets	(97)	(87)
Amortization of Intangible Assets	(123)	(45)
TOTAL	**(220)**	**(132)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Financial income

(€ thousand)	2013	2012
Financial Income from Fiat Group companies:		
Interest income from current accounts	711,395	627,439
Interest and other income on loans	40,761	36,632
Other Interest income and similar charges :		
Other interest income on receivables	-	4
Total Financial Income from Fiat Group Company	**752,156**	**664,075**
Financial Income from third parties:		
Interest income from current accounts	2,180	4,291
Interest income on bank deposits	4,584	9,655
Other financial income :		
Commission on guarantees and credit lines	65	44
Total Financial Income from third parties	**6,829**	**13,990**
Foreign exchange gain/loss	**6,601**	**4,860**
Total financial income	**765,586**	**682,925**

Financial income relates essentially to the activity, in both euros and other currencies, carried out by the Company for the management of funding for the Group as well as the activity to hedge exposure to adverse movements in interest rates, foreign exchange rates, cross currency swap and other underlyings.

7. Financial expenses

(€ thousand)	2013	2012
Financial expense to Fiat Group companies:		
Interest expense on current accounts	(7,331)	(7,897)
Interest and other expense on loans	(13,170)	(14,440)
Other financial expense :		
Commission on guarantees and credit lines	(3,340)	(3,045)
Total financial expense to Fiat Group companies	**(23,841)**	**(25,382)**
Financial expense to third parties:		
Interest expense on current accounts	(86)	(72)
Interest and other expense on bank loans	(716,596)	(649,816)
Other financial expense :		
Commission on guarantees and credit lines	(41,987)	(33,608)
Net gain/loss on financial assets and liabilities designated at fair value through profit or loss	(64.457)	(18,811)
Other financial expense	8,378	(132)
Total financial expense to third parties	**(814,748)**	**(702,439)**
Total financial expense*	**(838,589)**	**(727,821)**

*Financial expenses relates to interest on Bonds issued under GMTN, commission on credit line and intercompany activity.

8. Net gain on derivatives financial instrument

(€ thousand)	2013	2012
Gain/Losses on back to back derivatives	14,437	(4,147)
Gain/Losses on hedging derivatives	64,541	53,938
Net Gains/Losses on derivative financial instruments	78,977	49,791

Gains/(Losses) on trading derivatives includes realized and unrealized gains and losses, primarily currency hedges (e.g., outrights and forex swaps), as well as limited derivatives activity on other underlying, entered into between Fiat Group counterparties, on one side, and international banking institutions, on the other. Gains/(Losses) on hedging derivatives includes realized and unrealized gains and losses, on interest rate and currency hedges (e.g., interest rate swaps, cross currency swap) on Company fixed rate loans versus third parties.

9. Income taxes

(€ thousand)	2013	2012
Current income tax	**(1,287)**	**(1,286)**
Deferred taxes for the year:		
Relating to origination and reversal of temporary differences	299	544
Total deferred taxes for the year	**299**	**544**
Total income taxes for the year*	**(988)**	**(742)**

*Reconciliation of tax expense and the accounting profit multiplied by Luxembourg's domestic tax rate for 2012 and 2013:

(€ thousand)	2013	2012
Profit before tax	2.334,302	1,572,300
At the Luxembourg statutory income tax rate of 29.22%	682,083	459,426
Effect of higher/lower tax rate in other countries	305,459	282,789
Income tax expense (income) reported in the profit or loss	**987,542**	**742,215**

10. Deferred tax on Other Comprehensive Income

In 2013, tax effect on Other Comprehensive Income is related to income recognized in the cash flow hedge reserve and transfer from cash flow hedge reserve amounted to € 2.3 and (€ 2.1) respectively, and contain the movement on cash flow hedge reserve for Fiat Finance and Trade and its subsidiaries.

(€ thousand)	2013	2012
Income recognized in the cash flow hedge reserve (gross effect)	19,803	6,015
Income recognized in the cash flow hedge reserve (tax effect)	(6,156)	(2,149)
Total income recognized in cash flow hedge reserve (net effect)	**13,647**	**3,866**
Transfer from cash flow hedge reserve (gross effect)	(18,392)	(8,962)
Transfer from cash flow hedge reserve (Tax effect)	5,300	2,322
Total Transfer from cash flow hedge reserve (tax effect)	**(13,093)**	**(6,640)**
Change on Cash flow hedge reserve at December 31, 2013:	**555**	**(2,774)**

11. Non-current loans

(€ thousand)	2013	2012
Non-Current loans:		
Loans	536,866	116,358
Total	**536,866**	**116,358**

The non-current loan is owed by affiliated companies with maturity between 1 and 5 years.

12. INTANGIBLE ASSETS

(€ thousand)	2013	2012
Gross carrying amount	732	457
Accumulated amortisation	(255)	(132)
Net carrying amount	**477**	**325**

(€ thousand)	2013	2012
Carrying amount at the beginning of the year	325	24
Additions during the year	275	346
Amortisation for the year	(123)	(45)
Carrying amount at the end of the year	**477**	**325**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. TANGIBLE ASSETS

(€ thousand)	2013	2012
Gross carrying amount	544	512
Accumulated depreciation	(401)	(304)
Net carrying amount	**143**	**208**

(€ thousand)	2013	2012
Carrying amount at the beginning of the year	208	235
Additions during the year	32	75
Depreciation for the year	(97)	(88)
Net exchange difference	-	(14)
Carrying amount at the end of the year	**143**	**208**

14. Current loans

At December 31, 2013, this item consisted of amounts receivable from Fiat Group companies, broken down as follows:

(€ thousand)	2013	2012
Current loans:		
Current accounts	9,646,846	7,927,748
Loans	351,457	510,469
Total	**9,998,303**	**8,438,217**

15. Other financial assets

(€ thousand)	2013	2012
Derivative financial instruments:		
Back to back derivatives		
with Fiat Group counterparties	33,678	19,668
with external counterparties	52,558	136,428
Hedging derivatives		
with Fiat Group counterparties	1,176	380
with external counterparties	117,198	129,343
Fees receivable on guarantees and lines of credit	2	4
Total	**204,612**	**285,823**

These derivatives are essentially forward transactions and swaps on currencies, interest rates, and cross currency swap.

The aggregate fair value of the derivative financial instruments designated as fair value hedge at the end of the reporting period was an asset of EUR 108 million, (2012: EUR 121 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Cash and cash equivalents

(€ thousand)	2013	2012
Current account	1,466,772	1,058,439
Loans	1,934,582	2,072,750
Liquidity fund	308,512	539,695
Total	**3,709,866**	**3,670,884**

This item relates to Cash and cash equivalents held by the Company with major international banks (Note 5).
Liquidity Funds used by the Company and its subsidiaries are money market instruments rated AAAm by S&P and/or Aaa by Moody's. The product offers same value day liquidity and an attractive yield compared with time deposits.

17. Equity

As at December 31, 2013, equity totaled to 279 EUR million.

(€ thousand)	December 31, 2013	December 31, 2012
13,416 shares with no nominal value	251,494	251,494
Legal reserve	13,380	13,319
Retained profit (loss)	20,936	22,057
Other reserve	2,205	315
Cash flow reserve	(9,612)	(10,167)
Foreign translation reserve	(1,219)	7,184
Profit(loss) for the year	1,347	830
	278,531	**285,032**

Share capital

(€ thousand)	2013	2012
13,416 shares with no nominal value	251,494	251,494

Subscribed capital

The share capital of the Company amounts to 251,494,000 EUR represented by 13,416 shares fully subscribed and paid up with no nominal value. The authorized capital of the Company amounts to 500,000,000 EUR.

Capital Management

The Company is not subject to any specific constraints on equity within its course of business. Management believes that the capital structure of the Company is fully adequate to its operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Legal reserve

Under Luxembourg Law the Company must appropriate to a legal reserve a minimum of 5% of the annual net profit until such reserve is equal to 10% of the issued share capital. The legal reserve is not available for distribution.

Other reserves

In accordance with the provisions of the Luxembourg tax law, the Company opted for the reduction of the net worth tax by posting an amount equivalent to five times the net worth tax due to "Other Reserves". This reserve is to be maintained for a period of five years following the year in which the net worth tax was reduced.

Dividend policy
Dividends payable are recognized as changes in equity for the period in which they are approved by shareholders.

Cash flow hedge reserve

As of December 31, 2013 and 2012, a cash flow hedge reserve of (€ 9.6) million and (€ 10.2) million (net of tax) was recorded to be released upon the maturing interest portions of the notes payable.
As at December 2013 the variance on the amount of cash flow reserve of the group is (€ 0.6).

Translation reserve

The net investments in overseas subsidiary undertakings are translated from their functional currency into euro at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets are taken directly to the translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Non-Current Borrowings

(€ thousand)	2013	2012
Non-current borrowings from third parties*	**9.564.737**	**8,867,393**
Total	**9.564.737**	**8,867,393**

*bonds issued outstanding as at December 31, 2013 are as follows:
(1) Bond for which a listing at Dublin Stock Exchange was obtained.
(2) European Inflation Linked Notes (Harmonised Index for Computer Prices – HICP)

	Currency	Face value of outstanding bonds (in million)	Maturity	Face value of outstanding amount (€ million)
Global Medium Term Notes:				
Fiat Finance and Trade Ltd S.A. (1)	EUR	900	8 July 2014	900
Fiat Finance and Trade Ltd S.A. (1)	EUR	1250	15 September 2014	1,250
Fiat Finance and Trade Ltd S.A. (1)	EUR	1500	13 February 2015	1,500
Fiat Finance and Trade Ltd S.A. (1)	CHF	425	07 September 2015	352
Fiat Finance and Trade Ltd S.A. (1)	EUR	1000	1 April 2016	1,000
Fiat Finance and Trade Ltd S.A. (1)	EUR	1000	17 October 2016	1,000
Fiat Finance and Trade Ltd S.A. (1)	CHF	400	23 November 2016	331
Fiat Finance and Trade Ltd S.A. (1)	EUR	850	23 March 2017	850
Fiat Finance North America Inc. (1)	EUR	1000	12 June 2017	1,000
Fiat Finance and Trade Ltd S.A. (1)	EUR	600	9 July 2018	600
Fiat Finance and Trade Ltd S.A. (1)	EUR	1250	15 March 2018	1,250
Fiat Finance and Trade Ltd S.A. (1)	EUR	1250	14 October 2019	1,250
Fiat Finance and Trade Ltd S.A. (1)	CHF	450	22 November 2017	365
Fiat Finance and Trade Ltd S.A. (2)	EUR	7	16 February 2021	7
Total Bonds*				**11,655**

*for the total bonds please refer to note 18 and 19 current and non-current loans

Changes in bonds during 2013 are mainly due to:

- the repayment on maturity of bonds having a nominal value of €1,000 million issued by Fiat Finance and Trade Ltd S.A. in 2006;
- the issue by Fiat Finance and Trade Ltd. S.A. as part of the Global Medium Term Notes Programme of a note, having a principal of €1,250 million, due in March 2018; a CHF 450 million note due in November 2017; a €1,250 million due in October 2019.

The bonds issued are governed by different terms and conditions according to their type as follows:

- Global Medium Term Note (GMTN Programme): a maximum of €15 billion may be used under this Program, of which notes of approximately €11.6 billion have been issued to date; the Program is guaranteed by Fiat S.p.A.. The issuers taking part in the program include, amongst others, Fiat Finance and Trade Ltd. S.A. for an amount outstanding of €10.6 billion and Fiat Finance North America Inc. with a bond having a nominal value of €1 billion.

The Group intends to repay the bonds issued in cash at maturity by utilizing available liquid resources. in addition, the companies in the Fiat Group may from time to time buy back bonds on the market that have been issued by the Group, also for purposes of their cancellation. Such buybacks, if made, depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

The prospectuses and offering circulars, or their extracts relating to the principal bond issues are available on the Group's website at www.fiatspa.com under "investor Relations — Financial Reports". These documents are unaudited. The bonds issued by Fiat Finance and Trade ltd. S.A. and by Fiat Finance North America Inc. impose covenants on the issuer and, in certain cases, on Fiat S.p.A. as guarantor, which is standard international practice for similar bonds issued by companies in the same industry sector as the Group. Such covenants include: (i) negative pledge clauses which require that bonds benefit from any existing or future pledges of assets of the issuer and/or Fiat S.p.A. granted in connection with other bonds or debt securities having the same ranking; (ii) pari passu clauses, under which no obligations ranking senior to the bonds in question may be assumed; (iii) periodic disclosure obligations; (iv) for bond issued under the Global Medium Term Notes program, cross-default clauses which require immediate repayment of the bonds under certain events of default on other financial instruments issued by the Group's main entities; and, (v) other clauses that are generally applicable to securities of a similar type. A breach of these covenants can lead to the early repayment of the notes. In addition, the agreements for the bonds guaranteed by Fiat S.p.A. contain clauses which could lead to a requirement to make early repayment if there is a change of the controlling shareholder of Fiat S.p.A. which leads to a resulting downgrading by the ratings agencies.

19. Current borrowings

Borrowings consisted of amounts payable to Fiat Group companies and credit institutions, as follows:

(€ thousand)	**2013**	**2012**
Borrowings		
Current accounts :		
held by Fiat Group companies	962,977	754,209
held by third parties	301	9
Loans :		
from Fiat Group companies	789,970	845,073
from third parties*	2.844.421	1,694,693
Total	4.597.669	3,293,984

(*) Including outstanding bonds. Nominal values are indicated in the table in the previous page.

20. Derivative financial instruments

(€ thousand)	**2013**	**2012**
Derivative financial instruments:		
Back to back derivatives		
with Fiat Group counterparties	1,154	9
with external counterparties	28,931	76,831
Hedging derivatives :		
with external counterparties	22,430	12,327
Fees receivable on guarantees and lines of credit	2	4
Total	**52,517**	**89,171**

This item includes financial derivatives, having a negative fair value, used by the Company to hedge its own fixed-rate and foreign currency positions and trading derivatives. These derivatives are essentially forward transactions and swaps on currencies, interest rates, and cross currency swap.

Cash flows are expected to occur between June 2007 and November 2017 and will be recognised through profit or loss at that time.

The aggregate fair value of the derivative financial instruments designated as cash flow hedge at the end of the reporting period was an liability of EUR (18,1) million, (2012: EUR (6,6) million).

The valuation techniques applied to fair value the derivatives include the swap models, using present value calculations. The model incorporates various inputs including the credit quality of counterparties and forward rates.

21. Current taxes payable

(€ thousand)	**2013**	**2012**
IRC tax payable	372	390
ICC tax payable	112	120
Other taxes payable	86	181
Total	**570**	**691**

Direct Taxes payable to tax authorities for 2013 is stated net of amounts prepaid.

22. Guarantees, commitments and contingencies

As of December 31, 2013, Fiat Finance and Trade Ltd, S.A. has issued guarantees in favor of Fiat Group Companies for a total amount of 10,155,339 EUR.

The subsidiary Fiat Finance North America Inc. had outstanding stand-by letters of credit issued on behalf of affiliated companies of 5.2 million EUR (USD equivalent).

23. Information on risks and hedging policies

Estimated Fair Value of Financial Instruments

The following methods and significant assumptions were used to determine the fair value of financial instruments:

- cash and cash equivalent: the carrying amount is assumed to approximate fair value;
- current loans: the carrying amount is assumed to approximate fair value;
- other current assets: the carrying amount is assumed to approximate fair value;
- non-current loans: the fair value is determined with reference to market rates, when available, or by discounting future cash flows at the market rates at the reporting date adjusted as necessary;
- borrowings: the fair value is obtained using market rates at the reporting date; the fair value of current is determined with reference to market rates, when available, or by discounting future cash flows at the market rates at the reporting date, adjusted as necessary;
- other current liabilities: the carrying amount is assumed to approximate fair value;

- non-current borrowings: the fair value is determined, in the absence of quotations on an active market, by referring to a security with analogous financial characteristics or, in their absence,

by discounting cash flows, considering any factors that can influence the value of the security in question (e.g., credit rating);

- financial derivatives are measured at fair value and recognized either in other financial assets and liabilities depending on the rights and obligations under the contract, the determination of fair value applies the value of market variables at the reporting date and uses valuation models that are widely used in the financial sector. in particular:
  - the fair value of forwards and currency swaps is computed on the basis of the exchange rate and interest rates in the two currencies at the reporting date;
  - the fair value of interest rate swaps, cross currency swap and forward rate agreements is determined the using discounted cash flow method.

The below fair value have been determined by reference to available market information and the above indicated methodologies:

December 31, 2013 (€ thousand)	Nominal value	Carrying Value	Fair Value	Difference
ASSETS				
Cash and cash equivalents	3,709,296	3,709,866	3,709,866	-
Current and non-current loans	10,415,687	10,535,170	10,535,170	-
	14,124,993	14,245,036	14,245,036	-
LIABILITIES				
Current and non-current borrowings	11,655,570	14,162,406	13,144,251	1,018,155
	11,655,570	14,162,406	13,144,251	1,018,155
DERIVATIVES				
Forward currency contracts	1,006,712	5,753	5,753	
Interest rate swaps	2,001,450	111,224	111,224	-
Cross currency swap	1,793,146	35,119	35,119	-
	4,801,308	152,096	152,096	-

December 31, 2012	Nominal value	Carrying Value	Fair Value	Difference
ASSETS				
Cash and cash equivalents	3,670,501	3,670,884	3,670,884	-
Current and non-current loans	8,549,944	8,554,575	8,551,153	(3,422)
	12,220,445	12,225,459	12,222,037	(3,422)
LIABILITIES				
Current and non-current borrowings	11,668,047	12,161,376	12,333,103	171,727
	11,668,047	12,161,376	12,333,103	171,727
DERIVATIVES				
Forward currency contracts	772,454	23,123	23,123	-
Interest rate swaps	4,265,516	175,339	175,339	-
Cross currency swap	1,118,469	(1,809)	(1,809)	-
Forward rate agreement	40,000	3	3	-
	6,196,439	196,656	196,656	-

Credit risk

General aspects and credit risk management policies

The Company's exposure to credit risk is relatively limited, as the risks described in Section "Main risks and uncertainties to which the company is exposed" of the report on operations are mitigated by the following factors:

- counterparties for financial receivables are principally companies within the Fiat Group;
- investment of excess liquidity follows specific Fiat Group policies that set out criteria for the selection of bank and financial counterparties, as well as the liquidity profile of investments.

Similar criteria are applied to the selection of bank and financial counterparties for derivative activities.

Credit risk concentration

Counterparty Concentration by geographic location

(€ thousand)				**2013**
	Europe	**America**	**Other**	**Total**
Cash and cash equivalents	3,221,142	488,725	-	**3,709,867**
Current loans and non-current loan	9,613,399	778,017	143,753	**10,535,169**
Other financial assets	203,548	1,064	-	**204,612**
Other current assets	36,818	169	-	**36,987**
Total assets	**13,074,907**	**1,267,975**	**143,753**	**14,486,635**

(€ thousand)				**2012**
	Europe	**America**	**Other**	**Total**
Cash and cash equivalents	2,853,260	817,521	1	**3,670,782**
Current loans and non current loan	7,848,146	706,327	207	**8,554,680**
Other financial assets	284,907	911	-	**285,818**
Other current assets	20,665	43	-	**20,708**
Total assets	**11,006,978**	**1,524,802**	**208**	**12,531,988**

Market risks

Interest rate and currency risk

Qualitative information

General aspects and interest rate and currency risk management policies

Currency risk is generated when the composition of the Company's assets and liabilities results in net positions in currencies other than the functional currency.

Under Fiat Group policy, the Company may not take positions in currencies other than the functional currency. If activities in support of Fiat Group companies require that the Company takes a position in a foreign currency, that position must be hedged.

23.Information on risks and hedging policies (continued)

Interest rate risk results from changes in interest rates that can have an adverse impact on the Company's operating performance, cash flows or financial position.
The Company regularly assesses its exposure to changes in currency and interest rates and uses derivative financial instruments as one method of hedging those risks, as established by its risk management policies.
Under those policies, the use of derivatives is limited to management's exposure to changes in currency and interest rates connected with cash flows and assets and liabilities. Speculative transactions are prohibited.
The Group uses derivatives designated as fair value and cash flow hedges, principally to manage interest rate risk on loans, borrowings and issued bonds. The principal instruments used include currency swaps, forward contracts and interest rate swaps. For cash flow hedges, in which derivatives hedge the variability of cash flows related to floating- rate assets, liabilities, or forecasted transactions, the accounting treatment will depend on the effectiveness of the hedge.

To the extent these derivatives are effective in offsetting the variability of the hedged cash flow; changes in the derivatives' fair value will not be included in current earnings but will be reported as cash flow hedge reserve (net of tax) in the Statement of Comprehensive income. These changes in fair value will be included in earnings of future periods when earnings are also affected by the variability of the hedged cash flows. On these cash flow hedges, Fiat Finance North America Inc. and Fiat Finance and Trade Ltd S.A. currently hedge bonds denominated in foreign currencies. These hedges have been deemed highly effective. Counterparties to these derivatives are major and diverse financial institutions.

Sensitivity Analysis

The quantitative data presented below are not forecasts. The sensitivity analysis of market risk, in particular, cannot reflect the complexity or reaction of markets that could result from the various scenarios assumed.

The potential loss in fair value of derivative financial instruments held for currency risk management (currency swaps/forwards, interest rate and currency swaps) at December 31, 2013 resulting from a hypothetical, unfavorable and instantaneous change of 10% in the exchange rates of the leading foreign currencies with the Euro would have been approximately €248 million (€179 million in 2012). The biggest part refers to the derivatives that are hedging the Euro Bond issued by Fiat Finance North America Inc. and the three Swiss Franc Bonds issued by Fiat Finance and Trade Ltd S.A. Financial receivables and payables whose hedging transactions have been analyzed were not considered in this analysis. It is reasonable to assume that changes in exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

The potential loss in fair value of fixed rate financial instruments (including the effect of interest rate derivatives) held at December 31, 2013, resulting from a hypothetical, unfavorable and instantaneous change of 10% in market interest rates, would have been approximately €32 million (€16 million in 2012) the impact refers to issue bonds at fixed rate.
A hypothetical, adverse and sudden change of 10% in short-term interest rates applicable to variable-rate financial assets and liabilities and interest-rate derivatives at December 31, 2013 would have reduced pre-tax profit for 2013 by € 2 million (€1 million in 2012).
This analysis assumes a general, sudden change of 10% in benchmark interest rates applied to similar classes of assets and liabilities, denominated the same currency.

Operating risks

The operating risks to which the Company is exposed are directly correlated to its activities of providing treasury services, optimization of funding and investment, and hedging financial risks for the Fiat Group.

Activities with the highest degree of risk (management of currency and interest rate risk, investments and liquidity) are subject to policies issued at Fiat Group level, while more specific operational aspects are governed by procedures and controls to ensure conformity with required standards of conduct.

23.Information on risks and hedging policies (continued)

Additionally, during 2013 as in previous year, no problematic issues emerged in relation to those operating processes.

Liquidity risks

Qualitative information

The Company's liquidity risk is related to the potential difficulty which might be encountered in obtaining adequate amounts of financing, on a timely basis to fund Fiat Group's operations or meet its own repayment obligations, in addition to risks and uncertainties, discussed in the report on operations, related to Fiat Group's operating and financial performance.

Quantitative information
Distribution by remaining term to maturity of financial assets and liabilities

CURRENT ASSETS	Within one Year	From 1 to 5 Years	From 5 to 10 Years	2013
Cash and cash equivalents	3,709,866,377			**3,709,866,377**
Current loans	9,998,303,306			**9,998,303,306**
Other financial assets	204,612,474			**204,612,474**
Other current assets	36,986,960			**36,986,960**
Current tax receivable	885,014			**885,014**
Total current assets	13,950,627,131			**13,950,627,131**
Assets classified as held for sale				
NON CURRENT ASSETS				
Non current loans	1,450,221	535,416,075		**536,866,296**
CURRENT LIABILITIES				
Current borrowings	4,597,668,885			**4,597,668,885**
Other financial liabilities	52,516,703			**52,516,703**
Other liabilities	1,457,216			**1,457,216**
Current tax payable	569,922			**569,922**
Total current liabilities	4,652,212,726			**4,652,212,726**
NON CURRENT LIABILITIES				
Non current borrowings		9,557,737,450	7,000,000	**9,564,737,450**

CURRENT ASSETS	Within one Year	From 1 to 5 Years	From 5 to 10 Years	2012
Cash and cash equivalents	3,670,884,395			**3,670,884,395**
Current loans	8,438,217,501			**8,438,217,501**
Other financial assets	285,822,746			**285,822,746**
Other current assets	20,707,624			**20,707,624**
Current tax receivable	810,917			**810,917**
Total current assets	12,416,443,183			**12,416,443,183**
NON CURRENT ASSETS				
Non current loans		116,357,889		**116,357,889**
CURRENT LIABILITIES				
Current borrowings	3,293,984,595			**3,293,984,595**
Other financial liabilities	89,169,740			**89,169,740**
Other liabilities	5,136,637			**5,136,637**
Current tax payable	690,880			**690,880**
Total current liabilities	3,388,981,852			**3,388,981,852**
NON CURRENT LIABILITIES				
Non current borrowings		8,260,391,701	607,000,000	**8,867,391,701**

23.Information on risks and hedging policies (continued)

Fair value hierarchy

IFRS 7 requires financial instruments recognised in the statement of financial position at fair value to be classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value. The following levels are used in this hierarchy:

- Level 1 - quoted prices in active markets for the assets or liabilities being measured;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices) on the market;
- Level 3 - inputs that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

The following table provides an analysis under this hierarchy of the financial instruments measured at fair value.

December 31 , 2013

(€ thousand)	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Loans receivable		10,535,170		10,535,170
Foreign exchange forward contracts	-	6,831	-	6,831
Embedded		1,229		1,229
Interest rate swaps	-	138,175	-	138,175
Cross currency swap	-	58,376	-	58,376
Liabilities measured at fair value				
Loans payable	12,152,652	2,009,754		14,162,406
Foreign exchange forward contracts	-	1,078	-	1,078
Embedded derivatives	-	1,594	-	1,594
Interest rate swaps	-	26,587	-	26,587
Cross currency swap	-	22,257	-	22,257

December 31, 2012.

(€ thousand)	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Loan receivable		8,554,575		8,554,575
Foreign exchange forward contracts	-	23,506	-	23,506
Interest rate swaps	-	254,192	-	254,192
Cross currency swap	-	8,124	-	8,124
Liabilities measured at fair value				
Loan payable	10,299,244	1,862,133		12,161,377
Foreign exchange forward contracts	-	387	-	387
Embedded derivatives	-	2,327	-	2,327
Interest rate swaps	-	76,521	-	76,521
Cross currency swap	-	9,931	-	9,931

24.Operating Lease

Fiat Finance North Amen'ca Inc. has entered into a lease agreement for office space commencing on June 1, 2011 expiring July 31, 2016, for a total minimum lease payments of about 1 million USD. The Company does not have the option to automatically renew at the end of the initial lease term. Management expects that in the normal course of business, the operating lease will be renewed or replaced. Minimum rental commitments are as follows:

(€ thousand)	2014	2015	2016
Remaining	163	165	96

25.Related-party transactions

Intercompany and related-party transactions consist of transactions with direct and indirect subsidiaries of Fiat S.p.A.. Those transactions, which were included in the statements of income and financial position for 2013 and 2012, and are summarized in the following tables:

(€ thousand)	Fiat S.p.a.	Subsidiaries of Fiat S.p.a.	Parties related to Fiat S.p.a.	Other related parties to Fiat S.p.a.	Third parties	2013
Operating revenues		148		1,003		1,151
Personnel costs					62	62
Other operating costs		188		9	528	707
Financial income/(expense)	3,006	710,872		44,006	554,076	197,795
PROFIT/(LOSS) BEFORE TAXES	3,006	710,831		45,018	554,666	198,176

(€ thousand)	Fiat S.p.a.	Subsidiaries of Fiat S.p.a.	Parties related to Fiat S.p.a.	Other related parties to Fiat S.p.a.	Third parties	2012
Operating revenues	-	183	-	1.086	-	1,269
Personnel costs	-	-	-	-	(1,832)	(1,832)
Other operating costs	-	(212)	-	(93)	(2,455)	(2,759)
Financial income/(expense)	(3,045)	656,908	-	-	(648,968)	4,894
PROFIT/(LOSS) BEFORE TAXES	(3,045)	656,879	-	993	(653,255)	1,572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(€ thousand)	Fiat S.p.a.	Subsidiaries of Fiat S.p.a.	Parties related to Fiat S.p.a.	Other related parties to Fiat S.p.a.	Third parties	2013
CURRENT ASSETS						
Current loans	-	9,998,303	-	-	-	**9,998,303**
Derivatives Financial Instruments	-	34,854	-	-	169,758	**204,612**
Other current assets	-	28	-	-	36,959	**36,987**
Current taxes receivable	-	-	-	-	885	**885**
Cash and cash equivalents					3,709,867	**3,709,867**
Total current assets	-	10,033,185	-	-	3,917,469	**13,950,654**
NON-CURRENT ASSETS						
Non-current assets	-	536,866	-	-	-	**536,866**
Tangible assets	-	-	-	-	143	**143**
Intangible assets	-	-	-	-	477	**477**
Deferred tax assets	-	-	-	-	7,341	**7,341**
Total non-current assets	-	536,866	-	-	7,961	**544,827**
CURRENT LIABILITIES						
Borrowings	-	1,752,947	-	-	2,844,722	**4,597,669**
Derivatives financial instruments	-	-	-	-	52,516	**52,516**
Trade and other payables	(2)	138	-	-	1,319	**1,457**
Current taxes payable	-	-	-	-	570	**570**
Total current liabilities	(2)	1,753,093	-	-	2,899,119	**4,652,212**
NON-CURRENT LIABILITIES						
Non-current borrowings	-	-	-	-	9,564,737	**9,564,737**
Total non-current liabilities	-	-	-	-	9,564,737	**9,564,737**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(€ thousand)	Fiat S.p.a.	Subsidiaries of Fiat S.p.a.	Parties related to Fiat S.p.a.	Other related parties to Fiat S.p.a.	Third parties	2012
CURRENT ASSETS						
Current loans	-	8,438,218	-	-	-	**8,438,218**
Derivatives Financial Instruments	-	20,048	-	-	265,775	**285,823**
Other current assets	-	30	-	42	20,636	**20,708**
Current taxes receivable	-	-	-	-	810	**810**
Cash and cash equivalents					3,670,884	**3,670,884**
Total current assets	-	8,458,296	-	42	3,958,105	**12,416,443**
NON-CURRENT ASSETS						
Non-current assets	-	116,358	-	-	-	**116,358**
Tangible assets	-	-	-	-	208	**208**
Intangible assets	-	-	-	-	325	**325**
Deferred tax assets	-	-	-	-	8,072	**8,072**
Total non-current assets	-	116,358	-	-	8,605	**124,963**
CURRENT LIABILITIES						
Borrowings	-	1,599,282	-	-	1,694,702	**3,293,984**
Derivatives financial instruments	-	8	-	-	89,162	**89,170**
Trade and other payables	(2)	136	-	-	5,002	**5,137**
Current taxes payable	-	-	-	-	(116)	**(116)**
Total current liabilities	(2)	1,599,426	-	-	1,788,750	**3,388,175**
NON-CURRENT LIABILITIES						
Non-current borrowings	-	-	-	-	8,867,392	**8,867,392**
Total non-current liabilities	-	-	-	-	8,867,392	**8,867,392**

26. SUBSEQUENT EVENTS

There have been no events subsequent to the statement of financial position date which require adjustment of or disclosure in the financial statements or notes.

Luxembourg, 26 February 2014

On behalf of the Board of Directors

CHAIRMAN OF THE BOARD

Ernst & Young Business Advisory Services
Société à responsabilité limitée

7, rue Gabriel Lippmann
Parc d'Activité Syrdall 2
L-5365 Munsbach

Tel : +352 42 124 1

www.ey.com/luxembourg

B.P. 780
L-2017 Luxembourg

R.C.S. Luxembourg B 88 074
TVA LU 19236334
Capital social: Eur 12.400

Independent auditor's report

To the Board of Directors
of Fiat Finance and Trade Ltd. S.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Fiat Finance and Trade Ltd. S.A., which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Fiat Finance and Trade Ltd. S.A. as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the corporate governance statement.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Werner Weynand

Luxembourg, 26 February 2014